Labour Market in Manitoba

2014 TO 2029

MANITOBA
BUREAU OF STATISTICS

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Introduction

As a co-operative project between the Manitoba Bureau of Statistics (MBS) and BC Stats, projections of Manitoba's labour force participation rates and labour force levels were developed. This report presents projections for the period of 2015 to 2029 by age, sex and economic region. Historical data (1976 to 2006) on Manitoba's age, sex, and region specific participation rates and labour force were obtained from Statistics Canada's Labour Force Survey (LFS) which defines the applicable characteristics as follows:

> Labour Force Population: The total population 15 years and older who are residing in Manitoba, with the exception of the following: persons living on Indian Reserves, full-time members of the regular Armed Forces and persons living in institutions.
>
> Labour Force: the number of persons in the labour force population that are either employed or unemployed and looking for work.
>
> Participation Rate: the percentage of the labour force population that is in the labour force.
>
> Economic Region or Official region for data collection: a geographical unit generally composed of several census divisions within a province.

MBS firmly maintains that due to statistical anomalies in their net undercoverage results, Statistics Canada substantially underestimated Manitoba's 10 May 2011 population. To mitigate this undercount, MBS developed its own series of population estimates by age, gender and economic region, going back to 1 July 2007.

These labour market projections use MBS' adjusted population. Historical data (2007 to 2014) on Manitoba's age, sex, and region specific labour force population and labour force levels were obtained from the Statistics Canada Labour Force Survey, and then modified to reflect MBS' population estimates. These adjustments effectively added 16,154 individuals to Statistics Canada's estimate of Manitoba's 1 July 2013 population and 10,756 individuals to Statistics Canada's 2014 labour force estimate. [1]

The labour force has undergone dramatic changes over the last 65 years due to a variety of factors, including demographic, economic and social effects. The most significant factor driving the changes to the labour force has been the social transformation that resulted in a meteoric rise in the proportion of women entering the labour force following World War II. This continued through to around 1990, when female labour force participation rates started to level off. However, there have been a multitude of other factors that have influenced

[1] The labour force adjustment for 2014 was based on population projections and will not match MBS' current published estimate.

participation in the labour force, including changes in fertility rates, divorce rates, educational attainment, pension plans, flexible work plans, availability of services such as child care and parental leave, wars, major economic events and so forth.

While it is impossible to project each factor affecting the labour force separately, many of these demographic and societal changes are captured in cohort effects. In other words, people of the same generation are more likely to behave in a similar manner than are those who are younger or older. As such, it makes more sense to project age/sex-specific participation rates by birth cohorts, rather than extrapolating by age group.

In 2007, BC Stats developed an entry and exit rate cohort analysis model to project labour force participation rates for British Columbia based on work done by the Organization for Economic Co-operation and Development (OECD) and the Australian government. The model was refined in 2010, adapted to produce regional participation rate projections in 2011, and further refined in 2013. The methodology used in this paper is largely extracted from the report produced in 2013 (Schrier, 2013). It calculates the rate of entry to, or exit from, the labour force for each five-year age group between ages 15 and 69, plus another category for those aged 70 and over. These entry or exit rates are applied to existing cohort participation rates to project their future participation for Manitoba and its economic regions. MBS population projections (MBS 2015 – 3, Medium Scenario) were then used to produce labour force projections to 2029.

Based on the cohort model and MBS' population projections, overall Manitoba labour force participation rates are projected to trend down over the next 15 years. Despite this, Manitoba's labour force is projected to see growth throughout the 15 year projection. [2]

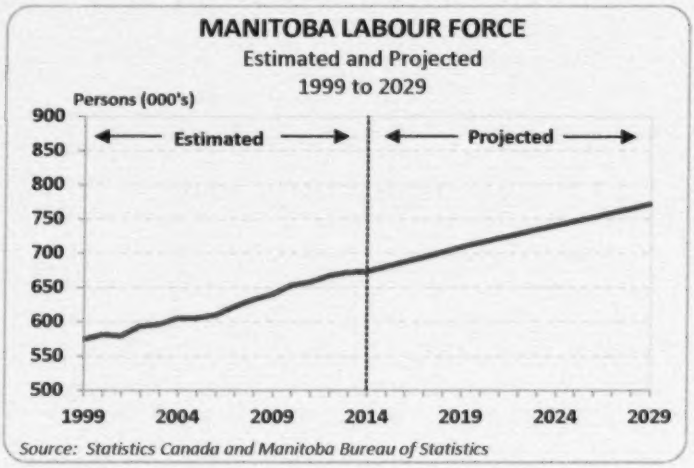
Manitoba's economic regions each have unique demographic characteristics that make an overall Manitoba labour force participation rate projection inadequate for producing regional forecasts of labour. The regional projections produced here illustrate the variation between the regions and highlight the necessity of projecting labour force participation separately by region. Manitoba is projected independently, and does not equal the sum of the regions.

To obtain further information or to purchase a full copy of MBS' *Manitoba Labour Force and Participation Rate Projections 2015* report which includes regional details and methodology, please contact Melissa Luff at 204-945-2985.

[2] It should be noted that the cohort entry-exit rate model is not suited to projections beyond 10 to 15 years as we cannot predict the future cohort effects of those not yet in the labour force.

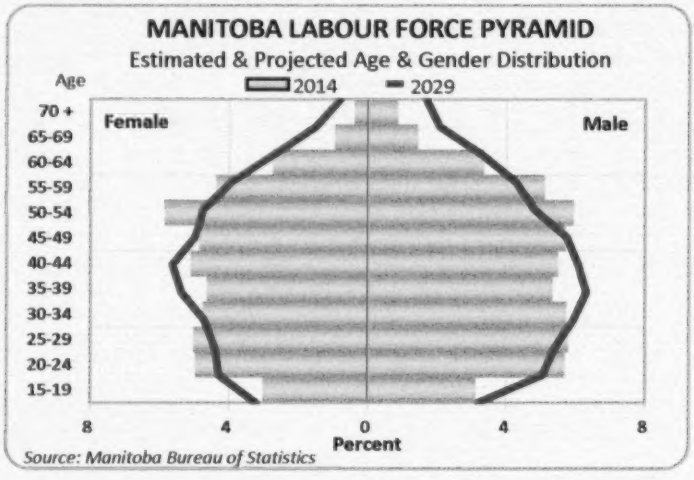
Manitoba Labour Market Projections

The Manitoba labour force averaged 672,900 persons in 2014. The province is projected to exhibit growth throughout the 15 year projection. Manitoba's labour force grew by 99,000 persons from 1999 to 2014 and is expected to grow by an additional 98,600 over the next 15 years, resulting in a labour force level of 771,400 persons by 2029.[3]



MBS expects Manitoba's 2020 labour force to be 715,200, a growth of 48,300, or 7.2%, from the 2012 level. This is a projected 26,700 shortfall in the province's 2012 aspirational goal of a 75,000 labour force increase by 2020.

Overall, there are more females than males in the province but there are more males than females in the labour force. The proportion of the labour force comprised of females has grown steadily since 1976 when it was just 38.4%. In 2014, this proportion was 46.6%. Female labour force is expected to rise steadily, from 313,200 in 2014, to 355,400 in 2029, a 13.5% increase. It is projected that the male labour force level will also climb steadily, from 359,600 in 2014, to 416,000 in 2029, or 15.7%. This would result in a labour force comprised of 46.1% females and 53.9% males.



For male youth (15 to 24 years), labour force levels are expected to rise from 59,200 to 63,800 over the projection period. For those aged 25 to 64, it is projected that there will be a 13.3% increase to 323,100 persons. Males aged 65 and older can expect to realize a labour force of 29,100 in 2029, an 89.0% increase.

For female youth, a 7.6% rise in the size of the labour force is expected over the projection, reaching 57,700 persons in 2029. The labour force of females aged 25 to 64 is projected to increase from

[3] From 2000 to 2001, there is a slight level shift in the LFS population series and labour force due to rebasing.

250,600 to 280,400 persons, while those 65 and older achieve an increase of 92.6%, climbing to 17,400 persons.

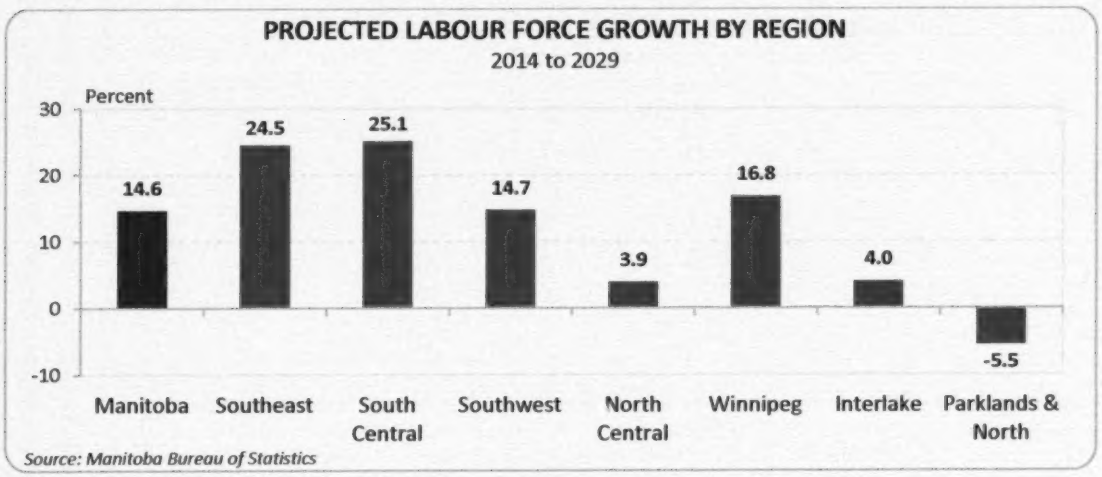
The median age of the Manitoba labour force was 41.0 years in 2014; 41.0 years for males and 40.9 years for females. By 2029, it is expected that the median age for males in the labour force will drop to 40.8 years and the median age for females will increase to 41.0. This will result in a median labour force age of 40.9 years for Manitoba in 2029.

MANITOBA LABOUR FORCE BY AGE AND SEX, THOUSANDS

	2012	2014	2017	2020	2023	2026	2029
Both Sexes	666.9	672.9	693.8	715.2	734.2	752.5	771.4
15-24	114.3	112.8	111.2	110.6	112.8	116.7	121.5
25-64	530.1	535.7	553.9	570.0	582.1	592.4	603.5
65+	22.5	24.4	28.7	34.5	39.3	43.4	46.5
Males	356.7	359.6	371.3	383.8	394.8	405.2	416.0
15-24	58.7	59.2	58.9	58.8	59.7	61.4	63.8
25-64	282.9	285.1	294.6	303.4	310.4	316.4	323.1
65+	15.1	15.4	17.9	21.6	24.7	27.4	29.1
Females	310.3	313.2	322.5	331.4	339.4	347.3	355.4
15-24	55.6	53.6	52.3	51.8	53.1	55.2	57.7
25-64	247.2	250.6	259.3	266.6	271.7	276.0	280.4
65+	7.4	9.0	10.9	13.0	14.6	16.0	17.4

Sources: Statistics Canada and Manitoba Bureau of Statistics

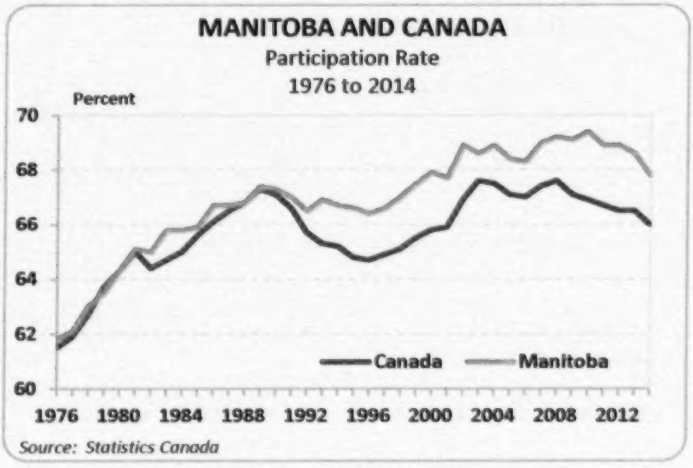
All economic regions are projected to realize growth in the labour force over the projection period, with the exception of the combined region of Parklands and North. The strongest growth is expected in the South Central region, where the labour force is projected to increase by 25.1%.



In 2014, the Winnipeg region's labour force consisted of 47.5% females, the highest proportion among the regions. However, by 2029 it is expected that this credit will belong to the North Central region as its proportion rises to 48.3%.

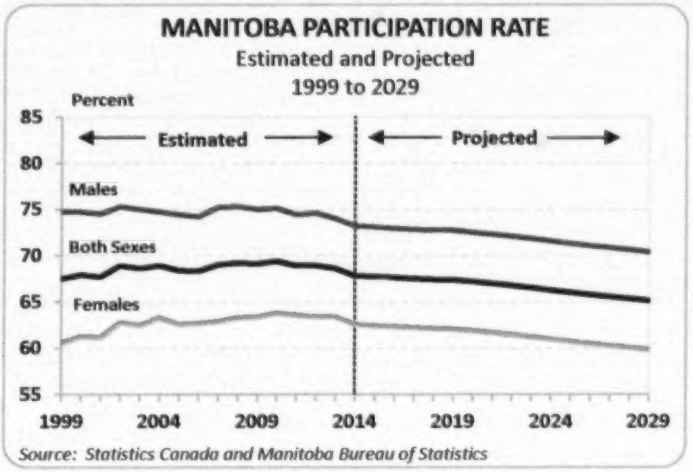
The labour force median age, in 2014, was highest in the Interlake region (43.3 years) and lowest in South Central (40.2 years). By 2029, it is expected that the oldest labour force will be the Winnipeg region (42.0 years) and the youngest will still be South Central (37.8 years).

Overall, labour force participation increased in Canada between 1976 and 2014. In Manitoba, the participation rate increased by 6.0 percentage points during this period, to 67.8%. This increase was the sixth highest among provinces and above Canada's increase of 4.5 points.



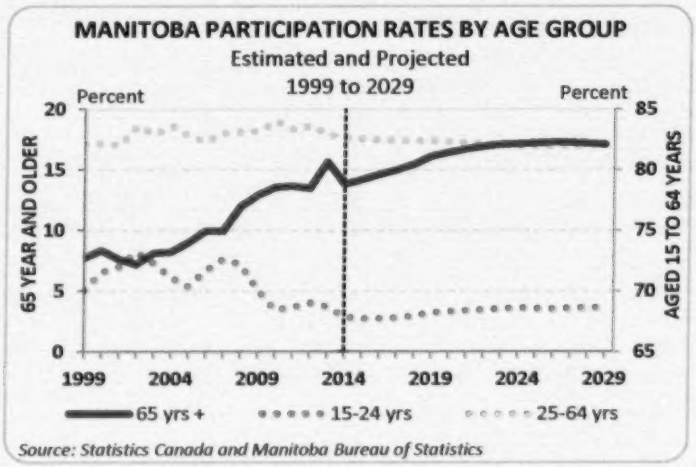
Based on the cohort model and MBS' population projections, overall Manitoba labour force participation rates are projected to trend down over the next 15 years. It is anticipated that the total participation rate will drop 2.7 percentage points to 65.1% in 2029.

Participation rates for Manitoba women are lower than those for men, with 2014 levels at 62.6% and 73.2%, respectively. Historically, the gap in labour force participation rates between men and women was much larger than it is now, but female participation has been growing steadily since World War II, which has reduced the gap. In recent years, the gap has continued to narrow, albeit at a diminishing rate. Into the future, it is projected that the gap will shrink marginally, by about 0.1 points. The overall participation rates of men and women are expected to decline over time at an increasing rate. The rate for males is projected to drop 2.8 percentage points, to 70.4% in 2029, while that of females drops 2.7 points to 59.9%.



The level of participation in the labour force varies by both age and gender. Youth under 20 years of age tend to have lower than average labour force participation as many forgo taking a job in favour of attending school full-time. As these people graduate and enter the workforce, labour force participation rises accordingly. Although participation for cohorts of women have generally been lower than those for men, in recent years, women aged 15 to 19 have had higher labour force participation than men in the same age group. For men, rates remain fairly stable until they are into their fifties, but for women, labour force participation is somewhat lower in the 25 through 39 age groups compared to 40 through 54 age range. This is likely due

to the significant portion of women who choose to temporarily leave the workforce to raise a family. It is expected that these trends will continue over the course of the projection. For both men and women, labour force participation rates start to drop as they reach 55 years of age, but rates for the older cohorts have been increasing and are projected to increase at a diminishing rate.



The overall decreasing trend in participation is due to the combined effects of a recent downward trend in participation for more than half of the age-sex cohorts, particularly among the age groups with the highest participation, and the increasing proportion of elders in the labour force.

The participation rate for male youth is expected to vary slightly, but increase overall, from 69.4% in 2014 to 70.0% by 2029. Those aged 25 to 64 are projected to have an overall participation decrease of 0.3 points falling to a 2029 rate of 87.4%, with those aged 40 to 49 experiencing a loss of 2.7 percentage points. Males aged 65 years and older are projected to experience a gain from 19.2% in 2014 to 22.4% in 2029. The participation rate of female youth is expected to rise overall to 67.2% in 2029 from 66.2% in 2014. The rate for females aged 25 to 64 is projected to drop steadily from 77.6% to 76.7%, with the greatest loses in the 40 to 54 age group. Females aged 65 years and older are projected to experience an increase of 2.9 points to 12.2% in 2029.

With the median age of the labour force population expected to increase from 45.4 years in 2014 to 45.9 years in 2029, the share of persons 65 and older in the labour force population is expected to increase from 17.9% to 23.0%. Even though participation rates of older Manitobans are also expected to rise over time, they will still be significantly lower than those of younger people. Consequently, an aging population will contribute to proportionately fewer people participating in the labour force.

All economic regions are projected to undergo declining participation rates from 2014 to 2029. The Southwest region is projected to have the highest participation rate among the regions in 2029, at 68.3%.

With higher than average rates for males and lower than average rates for females, the gender gap in participation was highest for South Central in 2014 at 22.0 points. It is projected that this gap will widen to 24.0 points and remain the highest in 2029.

With an increasing female rate and decreasing male rate, the gender gap in participation for 2029 is expected to be lowest in North Central, at 6.6 percentage points.